DOCUMENT RESUME

ED 414 782 HE 030 583

TITLE	Status Report on Implementation of the Policies Recommended by the Committee To Study Affordability.
INSTITUTION	Illinois State Board of Higher Education, Springfield.
PUB DATE	1997-09-03
NOTE	18p.
AVAILABLE FROM	Illinois Board of Higher Education, 500 Reisch Bldg., 4 West Old Capitol Square, Springfield, IL 62701.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*College Preparation; Educational Finance; Educational Policy; Higher Education; Information Services; Master Plans; Need Analysis (Student Financial Aid); Parent Financial Contribution; *Paying for College; Public Colleges; *State Boards of Education; State Programs; Student Costs; Student Development; *Student Financial Aid
IDENTIFIERS	*Affordability; *Illinois State Board of Higher Education

ABSTRACT

This paper presents a status report on efforts by the Illinois State Board of Higher Education to implement policies to enhance academic preparation and progress among college students, assist needy students, and keep college costs affordable. The board has initiated statutory high school course requirements for admission to public universities, baccalaureate-transfer programs at community colleges, and measures to allow high school students and nontraditional students to receive college credit, all in an effort to enhance academic preparation and reduce barriers to timely degree completion. The board has emphasized student aid programs that distribute aid based on need, such as the Monetary Award Program, the state's largest need-based student financial aid program, as well as new programs, such as the Illinois Incentive for Access grant program and the Learning and Excellence Award for Persisters pilot program. Efforts have also been undertaken to enhance the quality of information available to students and their families concerning state financial aid programs and planning for college costs. Initiatives are also under way to limit the increase in college costs at several universities to the rate of inflation. At appendix provides the board's master plan policies on student affordability. (MDM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 414 782

Item #7
September 3, 1997

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

STATUS REPORT ON IMPLEMENTATION OF THE POLICIES RECOMMENDED BY THE COMMITTEE TO STUDY AFFORDABILITY

HE 030 583

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
Illinois Board of Higher Education
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

BEST COPY AVAILABLE

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

STATUS REPORT ON IMPLEMENTATION OF THE POLICIES RECOMMENDED BY THE COMMITTEE TO STUDY AFFORDABILITY

The report of the Committee to Study Affordability, adopted by the Board of Higher Education in November 1994, included policy recommendations to enhance academic preparation and progress, assist needy students, and keep college costs affordable. The first status report on the implementation of the recommendations was provided in March 1996 in response to a specific request of the Committee. This item provides a second status report on the implementation of the policy recommendations. A copy of the Board of Higher Education's goals and policies on affordability is included as an appendix.

Enhancing Academic Preparation and Progress

The Committee to Study Affordability recognized that important academic factors affect the time needed to complete a degree and, consequently, the total cost of a degree. Some students, particularly older students with job and family responsibilities, choose not to attend college full-time and plan to extend their time to degree beyond traditional time frames. However, it is likely that most students, both traditional and nontraditional, can reduce the time and the total cost of their degrees.

Traditionally, college students have been expected to complete an associate's degree in two years and a bachelor's degree in four years, taking 120 semester hours of credit over eight semesters. According to data from the public university and community college shared enrollment and graduation data base, only 25 to 28 percent of each freshman class entering public universities in the last decade graduated with a bachelor's degree in four years—less than half of those ultimately receiving bachelor's degrees. Compared to students who entered public universities during the 1980s, proportionally fewer of the 1990 and 1991 entering freshmen completed bachelor's degrees in four years. Although students attending public universities are generally taking longer to complete their degrees, there is no indication that fewer students are graduating. In fact, completion rates among 1988 and 1989 freshmen increased slightly over earlier years, as about 60 percent had completed degrees by fiscal year 1996.

While students themselves can accomplish much to reduce time and costs, colleges and universities need to eliminate barriers to timely degree completion and provide opportunities for accelerated degree programs for students who can benefit from them. The Board's policies call for efforts to heighten awareness among students and families at elementary, middle, and high schools concerning the effect of academic preparation and sustained academic progress on educational costs and college success. To accomplish this, increased cooperation and coordination is needed among schools, colleges, and universities to strengthen academic preparation.

The 1993 initiation of statutory high school course requirements for admission to public universities and baccalaureate-transfer programs at community colleges should serve as a major

incentive for college-bound students to obtain appropriate preparation for college. As reported in *Student Preparation for College* (May 1996), freshmen who completed a college-preparatory high school curriculum are more likely to satisfactorily complete freshman courses in English, mathematics and science and to place into advanced courses which helps to accelerate degree completion. Further, these students are less likely than others to be required to take remedial courses which would increase the number of courses required for a degree. Not only is it clear that appropriate preparation contributes to timely degree completion but increasing numbers of students are taking a college preparatory curriculum. The American College Testing (ACT) program recently reported that the proportion of Illinois ACT test-takers who have taken a college-preparatory curriculum reached 50 percent in 1996 and 1997, a substantial increase from 16 percent in the mid-1980s. In July 1997, the Illinois State Board of Education adopted statewide standards for learning for elementary and secondary schools. These standards and related assessment programs should improve academic preparation and the consistency of preparation among high schools.

Despite positive trends in high school preparation and the success of students who take a college preparatory curriculum, too many students are not sufficiently prepared for college. In 1995, for example, two-thirds of Illinois high school seniors planned to attend college but just under half completed the courses required for admission to public colleges and universities (*Student Preparation for College*, May 1996). As reported in *The Scope and Effectiveness of Remedial/Developmental Education in Illinois Public Universities and Community Colleges* (September 1997), during fiscal year 1996, about seven percent of public university students and 14 percent of community college students took remedial/developmental classes to correct deficiencies in academic preparation. While these courses provide opportunities for students who are under-prepared for college, they also extend the time to degree and total educational costs.

The Board's policies also call for efforts to expand opportunities available to high school students and nontraditional students to receive college credit. Some developments indicate that progress is being made. The statewide interactive video system has expanded opportunities for colleges and universities to provide advanced courses to high school students as well as subjects that individual schools are not able to support Of the 374 video sites supported by Higher Education Cooperation Act (HECA) telecommunications grants, about 30 percent are in high schools.

The number of high school students taking Advanced Placement tests more than doubled between 1985 and 1996. In 1996, 22,000 Illinois students took examinations in one or more of 17 fields and 70 percent earned scores that would qualify them to receive college credit for learning achieved in high school. Opportunities for nontraditional students to earn college credit, such as the College-Level Examination Program and the Program on Non-Collegiate Sponsored Instruction, continue to be available at all community colleges and several public universities. Many institutions use proficiency examinations and portfolio assessment to award credit for learning that students achieve outside of the college classroom.

Community colleges are in a good position to expand opportunities for high school students to earn college credit. Guidelines to assure the quality of college-level courses offered on high school campuses have recently been developed. In addition, the Illinois Community College Board has worked successfully with the State Board of Education to remove some of the regulatory barriers to expanding opportunities for high school students. However, since all high school teachers must be certified, most college and university faculty do not have the credentials, although

they may be well qualified, to teach courses that would meet high school graduation requirements. This limits the ability of colleges and universities to assist schools with advanced placement and other courses that could accelerate students' time to degree.

The Board's policies call upon institutions to reduce barriers to timely degree completion and to expand opportunities available to college students who can benefit from accelerated programs. Colleges and universities report that most associate degree programs can be completed in two academic years and most baccalaureate programs in four. A multi-year, HECA-sponsored study by Western Illinois University with the cooperation of Eastern Illinois University identified barriers to timely degree completion and recommendations for reducing these barriers. A summary of the recommendations drawn from 1995 and 1996 reports on the results of the study is shown below.

Summary of Recommendations for Reducing Barriers to Timely Degree Completion[1]

Information
- Develop brochures for high school counselors, parents, college advisors, and transfer students
- Include fast-track information in catalogs
- Advertise maximum threshold requirements for majors
- Contact students early about career and curriculum choices

Curriculum
- Guarantee an opportunity for timely degree completion to students who meet specified responsibilities
- Reward competency and life experience
- Explore a common first-year curriculum
- Develop fast-track options
- Examine general education
- Renew articulation agreements

Schedules and Calendars
- Build schedules around student needs
- Examine course schedules for conflicts
- Arrange for adequate time between classes

Advising
- Monitor students' progress, particularly those who are taking courses beyond degree requirements
- Train advisors and mentors
- Encourage earlier identification of a major
- Initiate support strategies for minority students
- Motivate and help students avoid burnout
- Help students develop a balanced schedule

Student Financial Aid
- Initiate summer scholarship opportunities
- Extend scholarships through a fourth year to allow students who graduate in three years to pursue a graduate degree

Although few institutions have made progress on developing accelerated programs, most are taking steps to improve students' chances for obtaining their degrees in a timely manner. The University of Illinois, for example, is beginning a study of the availability and scheduling of courses. Western Illinois University plans to use its student tracking system to predict the need for courses based on students' program requirements as an aid to long-term scheduling of courses. Institutional representatives agree that technology provides opportunities to provide low demand, specialized courses through cooperative efforts or individual institution efforts.

The Illinois Articulation Initiative has taken significant steps to reduce the barriers to timely degree completion for students who transfer from one Illinois institution to another. In

[1]Western Illinois University and Eastern Illinois University, *Strategies for Timely Degree Completion*, 1995 and *Timely Degree Completion: Myth or Reality?* 1996.

addition, dual admission programs such as those recently developed between Northern Illinois University and Elgin Community College, Western Illinois University and Black Hawk College, and Roosevelt University and Elgin Community College allow students to be admitted to the community college and the university at the same time and to take courses from both partners. Dual admission programs eliminate many of the problems encountered by transfer students.

This evaluation of the status of the Board's policies on enhancing preparation and progress to improve the affordability of a college education shows mixed results. Clearly there has been no improvement in the time to degree although results of efforts begun in 1994 would not yet be evident. While many more students are taking a college preparatory curriculum, increasing numbers of other college and university students need remedial classes. Some colleges and universities have taken positive steps to improve students chances of completing a degree in a timely manner. To promote further interest and progress toward the goals identified by the Board, the staff plans to ask institutions to address these issues as a special focus topic in their Priorities, Quality, and Productivity reports in 1998.

Assisting Needy Students

Board policies relating to assisting needy students place priority on programs that distribute financial aid based on need, promote retention and reduce loan reliance, support expansion of eligibility to financial aid programs, provide comprehensive information on student aid and college costs for students and families, and encourage students and their families to plan ahead to pay college costs. The policies direct the Board of Higher Education and the Illinois Student Assistance Commission to monitor the impact of federal programs and institutional grant programs and advocate changes when they affect the administration or distribution of state student financial aid.

Need-Based Programs. Funding requests of the Illinois Student Assistance Commission, and the budget recommendations of the Board of Higher Education, continue to place emphasis on funding for need-based financial aid programs. In each year since fiscal year 1995, the Governor and General Assembly have endorsed the Board's student financial aid funding recommendations.

Since fiscal year 1995, state general funds support for the Monetary Award Program (MAP), the state's largest need-based student financial aid program, has increased by $40.6 million, or 17 percent. State general funds appropriations of $280.3 million in fiscal year 1998 represent an increase of $18.0 million, or 6.8 percent, over the fiscal year 1997 appropriation. New state general funds made available for MAP since fiscal year 1995 represent 76 percent of all new resources appropriated for student financial aid programs administered by the Illinois Student Assistance Commission. Additional state funds for the program have provided for increases in the maximum MAP grant and in the number of awards, offset increases in tuition and student fees, and extended program eligibility. Additional state funds also supported various MAP formula modifications to improve affordability for financially needy students, particularly part-time students. These formula modifications included a reduction in the minimum award from $400 to $300 and a reduction in the award increments for partial awards from $200 to $150.

Board policies include a provision that calls for the maximum MAP grant to increase annually at a rate that is consistent with reasonable increases in tuition and fees. Appropriations for MAP, as recommended by the Board of Higher Education, provided for annual increases in the maximum award since fiscal year 1995 follows.

MONETARY AWARD PROGRAM
MAXIMUM AWARD

	Maximum Award	Increase Dollar	Increase Percent
FY1995	$3,800	—	—
FY1996	3,900	$100	2.6%
FY1997	4,000	100	2.6
FY1998	4,120	120	3.0

The Committee to Study Affordability recommended that the Board of Higher Education and the Illinois Student Assistance Commission review student financial aid programs that allocate funds on a basis other than financial need. While a comprehensive review of such programs has not been completed, staffs from both the Board and Commission have been working with staff from the Office of the Auditor General providing information for a management audit of tuition and fee waiver programs. Nearly $121 million in tuition and fee waivers were awarded by public universities in fiscal year 1996. Most tuition and fee waivers are awarded without regard to a student's financial need and are for graduate education.

Promote Retention and Reduce Loan Reliance. Funding for a new program, the Illinois Incentive for Access (IIA), was provided beginning in fiscal year 1997. This program provides grants of up to $500 for freshmen students who have no family resources to pay college costs. The IIA grants supplement MAP grants and may be used to pay for educational expenses other than tuition and fees, e.g. books and supplies. The program responds to the Committee to Study Affordability's recommendation that larger grants be made to first and second year students to promote retention and reduce loan burdens. The Committee to Study Affordability found that students' chances of success increase once they have completed their first year of higher education and that financial problems are more likely to cause students to leave college than academic problems. Public Act 89-512 requires the Illinois Student Assistance Commission to submit a written evaluation of the IIA program to the Governor, General Assembly, and the Board of Higher Education by October 1, 1999. The evaluation is to report on the progress the program has made toward the goal of increasing the access and retention of grant recipients.

A state general funds appropriation of $9.0 million in fiscal year 1997 for the IIA program provided grants to 18,800 students, over 50 percent of whom were independent students without dependents. Sixty-eight percent of the awards were made to students attending community colleges, 15.7 percent to students attending public universities, and 16.2 percent to students attending independent institutions. An appropriation of $9.0 million for fiscal year 1998 is expected to support a comparable number of awards.

Financial Aid Program Eligibility. The Committee to Study Affordability recommended that eligibility for MAP be extended to students attending degree-granting proprietary institutions. Extending award eligibility to students attending proprietary institutions was recommended as a means of making a wide range of educational opportunities available to residents of the state, recognizing the diversity of student goals, educational programs, and institutions. The Board of Higher Education's budget recommendations for fiscal year 1998 included $3.5 million to begin

implementation of this recommendation. Appropriations for fiscal year 1998 include the funds necessary to extend eligibility for the program.

Legislation initiated by the Board of Higher Education, in conjunction with the Illinois Student Assistance Commission, sets forth the institutional requirements and a three-year phase-in for extending MAP program eligibility to students attending degree-granting proprietary institutions. Senate Bill 1050 (Public Act 90-0122) extends eligibility to students attending institutions operated for profit that offer degree programs which have been approved by the Board of Higher Education for a minimum of three years, enroll a majority of their students in such degree programs, and maintain an accredited status with the North Central Association of Colleges and Schools. Beginning in fiscal year 1998, eligibility is limited to first-time freshmen and first-time transfer students who have attained an associate degree. In fiscal year 1999, grant eligibility is to be extended to freshmen students, transfer students who have an associate degree, and to students who received grants in fiscal year 1998 and continue to demonstrate financial need. Eligibility is extended to all students attending eligible institutions beginning in fiscal year 2000. As for students attending community colleges, public universities, and independent institutions operated not-for-profit, grants to proprietary school students will be based on demonstrated financial need as determined by the Illinois Student Assistance Commission.

The Board's policies call for an evaluation of the benefits and program costs associated with providing financial aid to students enrolled less than half-time. In response to this recommendation, the Illinois Student Assistance Commission conducted a survey of students who were enrolled in an Illinois college or university for fewer than six credit hours during the spring term of 1995 and the Board of Higher Education supported a pilot program of financial assistance for less than half-time students with a HECA grant.

The purpose of the Illinois Student Assistance Commission survey was to identify the characteristics of students enrolled less than half-time, learn how such students financed their education, identify the barriers encountered by such students in seeking higher education, and compare the relative financial need of students enrolled on a less than half-time basis to those enrolled at least half-time. A majority of the survey respondents, 60 percent, indicated they usually enroll for at least six hours, 20 percent indicated they enroll for fewer than six hours on a regular basis, and 20 percent indicated they had never before enrolled in a college or university. Respondents indicated they enrolled on a less than half-time basis because of their full-time jobs, the costs associated with college, and family commitments. Over 60 percent of the survey respondents reported difficulty paying tuition and fees, 48 percent reported problems with obtaining convenient class times, and 68 percent reported that financial obligations were a problem.

The respondents to the Illinois Student Assistance Commission survey had a mean total income of $15,521, a mean household size of 2.7, a mean federal expected family contribution toward college costs of $1,161, and an average Commission-guaranteed loan debt of $2,322. Slightly less than 38 percent of the respondents had incurred loan debt for educational purposes at the time of the study. In an effort to assess the relative need of students who enrolled on a less than half-time basis with the relative need of students who enrolled half time and with students who enrolled full time, the Commission compared the available resources to pay for college costs and the tuition and fee rates charged by the institutions in which the students were enrolled. A summary of the survey's findings follows.

AVAILABLE RESOURCES[1] FOR COLLEGE COSTS AS PERCENT OF TUITION AND FEES

	Enrolled Less than Half-Time	Enrolled Half-Time	Enrolled Full-Time
EFC as Percent of Tuition and Fees	139%	78%	27%
EFC, Pell Grant, MAP Grant as Percent of Tuition and Fees	182 [2]	182	103

[1] Available resources include the federal expected family contribution (EFC), Pell grant eligibility, and MAP grant eligibility.

[2] Includes only EFC and Pell grant eligibility; students are ineligible for MAP.

Source: Illinois Student Assistance Commission, *Characteristics of Students Who Enrolled on a Less Than Half-Time Basis During the Spring Term of 1995*, September 1996

The results of the survey indicate that the expected family contribution as a proportion of tuition and fee costs is greater for students attending a college or university on a less than half-time basis. Yet, when the Pell Grant eligibility is combined with the students expected family contribution, the relative financial need of a student attending a college or university on a less than half-time basis without MAP is similar to the needs of a student attending half-time who receives MAP.

A pilot program, Learning and Excellence Award for Persisters (LEAP), was supported with a fiscal year 1996 HECA grant of $402,000 to examine the costs and benefits of providing financial aid to students attending less than half-time. This pilot program provided financial assistance to undergraduate students who were enrolled for less than six credits hours per semester and were attending one of five participating institutions: Chicago State University, Governors State University, Malcolm X College, Prairie State College, or South Suburban College of Cook County. Participating institutions were responsible for determining student eligibility for the program with each institution setting its own eligibility requirements for awarding grant funds. Chicago State University, for example, provided funds for tuition for three credit hours. While Prairie State College used the LEAP grant awards for the payment of in-district tuition and fees for enrollment from 2 to 5 credit hours and Malcolm X College allocated funds for a book allowance as well as funds for tuition and fees. Preliminary information from the participating institutions indicates that 1,200 students received assistance through the LEAP pilot program between September 1, 1995 and August 3, 1997. Average grants to students receiving assistance from the LEAP program ranged from $151 for students attending Malcolm X College to $333 for students attending Governors State University. A formal evaluation of the program is underway, but has yet to be completed.

The evaluation of the need for a grant program for students attending less than half-time is continuing. This assessment can be completed using information from the Illinois Student Assistance Commission's study on part-time students, information and counsel expected from focus groups of financial aid officers, and the formal evaluation of the two-year pilot program to be prepared by the LEAP program participating institutions. The assessment will be used to

examine the need and relative priority of providing a state-funded grant program for students attending less than half time.

Information for Students and Families. The Board's affordability policies direct the higher education community to ensure that students and their families have access to information about the availability of student financial aid. A fiscal year 1996 appropriation of $150,000, based on requests of the Illinois Student Assistance Commission and budget recommendations of the Board of Higher Education, supported the development and initiation of a financial aid clearinghouse, the Higher EdNet. Appropriations of $250,000 in fiscal year 1997 and $235,000 in fiscal year 1998 provided for continued development and maintenance of Higher EdNet, giving Illinois residents a single source for information regarding student financial aid, academic preparation for postsecondary education, school selection, and career planning.

Since fiscal year 1996, the Commission has processed nearly 21,000 applications, i.e. profile forms, through Higher EdNet. From information provided on the student profile forms, Higher EdNet identifies financial aid programs that may be of assistance to the student in meeting college costs. Students and families submitting applications to the Commission pay a nominal fee helping to offset administrative costs associated with the service. In fiscal year 1997, the Commission began offering Higher EdNet computer software to high schools, colleges, and universities, allowing students to use Higher EdNet free of charge.

In addition to Higher EdNet, the Illinois Student Assistance Commission makes available a variety of informational materials to students, families, high school counselors, and college and university financial aid officers. These materials, available in both paper and electronic medium, provide information regarding the availability of various state and federal student financial aid programs and information on the importance of planning for paying for college costs. Approximately 1.5 million of these informational items were distributed during the past fiscal year.

The ISAC INFO Café, the Illinois Student Assistance Commission's redesigned Internet web site (www.isac1.org), became available to students and their families in the summer of 1997. The site includes information on how to apply for financial aid; federal and state grant, scholarship, and loan programs; academic preparation, college selection, and admission; and planning for college costs. The site also includes a calculator allowing students and their families to estimate their expected family contribution, eligibility for financial aid (including the MAP and Pell Grant Program), and estimate loan repayments. Beginning in fall 1997, students and schools will be able to access information showing the status of loans, scholarship, and grants. For example, loan data that will be accessible includes loan type, the outstanding balance due, the most recent payment received, and the next payment due date. *The ISAC INFO Café* addresses several Board policies on assisting needy students, including that potential students and their families receive information about the availability of financial aid, be encouraged to plan ahead to pay for college costs, and be presented with information about their expected contributions and projected Pell and MAP grants based on financial profiles.

Planning for College Costs. The Board's policies on affordability encourage students and their families to plan ahead to pay for their college education. A recent report prepared by the Sallie Mae Education Institute, *College Affordability: Parents' View on the Value of a College Education and How They Will Pay for It*, indicated that four out of five families who borrow to pay for their child's college education delay planning for the expense until the child is in high school. *A Review of Trends in Tuition and Fees and Student Financial Aid* (July 1997) indicated

that between fiscal years 1985 and 1996 increases in tuition and fees outpaced growth in median family income and the Consumer Price Index. While student financial aid grew at a rate comparable to increases in tuition in fees at public universities, more students are relying on loans to pay college costs. These two reports continue to emphasize the importance of planning to pay for future college costs.

The state currently offers two programs that encourage savings for paying college costs. A third program, allowing for the prepayment of tuition and fees will be offered beginning in fall 1998. First, through the College Savings Bond program, initiated in 1988, the state has issued over $1.6 billion in bonds for investors seeking a long-term savings plan for education. Under the College Savings Bond program, individuals purchase zero-coupon bonds of $5,000 value at maturity. Interest earned on the principal amount of the bond is exempt from both state and federal taxation. If the bond proceeds are used to defray the educational expenses for a student to attend a college or university located in Illinois, the student is eligible for a Bonus Incentive Grant equal to $20 for each year the bond was held.

The second program, the Illinois College Accounts Network (iCAN), was established by the Illinois Student Assistance Commission in 1991. The Commission works with private banks and investment firms to offer a selection of mutual funds under the iCAN program. The first $2,000 of earnings on funds invested through iCAN are exempt from state taxation. Over 2,000 families have invested more than $8.5 million in the iCAN program.

Legislation initiated by the Illinois Student Assistance Commission and enacted by the General Assembly during this past legislative session establishes a prepaid tuition plan, enabling Illinois residents to purchase tuition contracts which are guaranteed to cover the future cost of tuition and mandatory fees at either Illinois public universities or community colleges. Governor Edgar issued an amendatory veto of the legislation, endorsing the prepaid tuition plan and suggesting minor changes to the bill.

The Illinois Student Assistance Commission expects to offer the first Illinois prepaid tuition contracts for sale beginning in the fall of 1998. Contracts will be available for purchase through lump sum, five, or ten year contracts, with monthly payment options available to plan participants. The plan will allow for the transfer of the value of contracts for use at independent institutions located in Illinois and at colleges and universities located in other states. Earnings on the plan are exempt from state taxation. Federal taxes on the earnings are deferred until such time the contract is used, and at that time the tax liability may be transferred to the plan's beneficiary.

Federal Programs. The federal Taxpayer Relief Act of 1997 includes several provisions relating to higher education affordability concerns. The new law creates a Hope Scholarship tax credit of up to $1,500 for tuition and mandatory student fee expenditures made during the first two years of college. A "lifelong learning" tax credit equal to 20 percent of the first $5,000 paid for tuition for the third and fourth years of undergraduate studies or graduate work also is created under the new law. Other provisions of the Act allow for penalty-free withdrawals from Individual Retirement Accounts (IRA) to pay for undergraduate and graduate education; the establishment of "educational IRAs" that can be funded with annual nondeductible contributions of up to $500 per child; and a tax deduction for interest paid on student loans. These provisions in the federal Taxpayer Relief Act are indicative of the public interest and concern over the affordability of higher education.

Keeping Costs Affordable

Policies relating to keeping the costs of higher education affordable include recommended actions for institutional governing boards to undertake in reviewing and approving tuition and fee rates. The policies also include recommended actions relating to Board of Higher Education data information collection and reporting requirements.

Governing Boards. The affordability policies encourage governing boards to develop and annually update four-year plans for tuition and fees. Southern Illinois University developed such a plan in 1995 and has made annual modifications since. During this year's review of the plan, the University's Board of Trustees adopted a policy limiting proposed and projected increases for undergraduate tuition to projected increases in the Consumer Price Index (CPI) for fiscal year 1999. Beginning in fiscal year 2000, the University will limit increases in the total cost of tuition, fees, and room and board rates to increases in the CPI. In May 1997, the Board of Trustees of Illinois State University adopted a multiple-year tuition and fee plan that limits the annual change in combined tuition and fees to no more than the three-year average percent change in the Illinois per capita disposable personal income. Governors State University also has adopted a multiple year tuition plan.

Affordability policies also encourage governing boards to adopt tuition and fees a year in advance of implementation to allow students and their families to better plan for college costs and to include such changes in annual budget requests to the Board of Higher Education. As a result, public universities' governing boards accelerated their historical schedules for adopting tuition and fee increases. For fiscal year 1998, eight of the nine public university governing boards adopted tuition rates in the fall of 1996 allowing for consideration to be given to the related student financial aid funding requirements in the development of the Board of Higher Education's fiscal year 1998 budget recommendations.

While independent institutions of higher education do not submit budget requests to the Board of Higher Education, notice of their plans relating to tuition and fee changes are important to the consideration of MAP funding in development of the annual budget recommendations and are important as well to providing students and their families time to plan for paying future tuition rates. In July 1997, Northwestern University announced its tuition plans for the fall term of 1998. Undergraduate students entering Northwestern University for the first time in the fall of 1998 will pay an annual tuition rate of $22,392, a total of $3,240 or 16.9 percent more than students enrolled in fall 1997. Tuition for continuing students in fall 1998 will be $19,152, reflecting an increase of $1,092 or 5.7 percent more than in fall 1997. While this early announcement of fall 1998 tuition rates will help students and their families in planning, the magnitude of the increase is very troublesome in light of public concerns over the affordability of higher education.

Most boards also have accelerated their schedule for reviewing and approving student fee increases. During the past year, however, some boards have considered mandatory student fee increases at several times during the year. The Board of Trustees of the University of Illinois, for example, granted approval for fiscal year 1998 student fee increases during meetings held in November 1996 and in May, June, and July of 1997. The Board of Trustees continues consideration of yet another fee increase proposal to support debt service costs related to various athletic building projects. Under one proposal being considered, the annual general student fee would increase by $68 beginning January 1998. This proposed fee involves shifting costs from revenue sources within the Division of Intercollegiate Athletics to student fees. This proposed

action is inconsistent with Board of Higher Education affordability policies that indicate that institutions should not shift costs from General Revenue funds, tuition, and other revenue sources to student fees.

Most boards have consulted with students when adopting new fees for noninstructional purposes or significantly restructuring existing fees. The Board of Higher Education's affordability policies encourage governing boards to submit proposals that include new fees for noninstructional purposes or significantly restructures existing fees programs for review by a student advisory committee and to a student referendum. Student referenda were conducted during the past year at Chicago State University, Eastern Illinois University, and Northern Illinois University regarding new or significant increases in student fees to support noninstructional activities. The fees submitted to student referendum at these three institutions were supported by students prior to their final approval by the institutional governing board.

Data Collection and Distribution. In May 1995, July 1996, and July 1997, the Board received reports reviewing trends in tuition and fees. These reports included Illinois and national trends in tuition and fees; trends in instructional costs; changes in indicators of the state's economic condition and families' ability to pay for college; trends in student financial aid; and other information related to tuition and fee decisions. Board of Higher Education policies encourage governing boards to consider multiple factors when making tuition and fee decisions. The annual reports provided information on multiple factors to assist governing boards with their tuition and fee decisions.

SUMMARY, CONCLUSIONS, AND NEXT STEPS

The Board of Higher Education's policies on affordability place emphasis on students and their families' ability to pay for higher education. The status and evaluation of the Board's policies on enhancing preparation and progress to improve the affordability of a college education show mixed results. The results of efforts begun in 1994 to improve the time to degree cannot currently be assessed as sufficient time has not passed since their implementation. While many more students are taking a college preparatory curriculum, increasing numbers of other college and university students need remedial classes. To promote further interest and progress toward the goals identified by the Board, the staff plans to ask institutions to address these issues in their 1998 Priorities, Quality, and Productivity reports.

Many of the Committee to Study Affordability's recommendations concerning assistance for needy students have been implemented through budget recommendations that have targeted additional funding for need-based financial aid programs, supported new financial aid information systems, extended eligibility for student financial aid programs to students attending institutions historically denied access to such aid, and established new programs to further assist the neediest students.

Continued focus needs to be given to recommendations on keeping college costs affordable. Public interest in affordability issues continues as evidenced by recent state and federal legislative proposals and national surveys. Institutions that have yet to develop multiple year tuition and fee plans are encouraged to do so. Institutions should make every effort to make tuition and fee decisions early, to examine ways to reduce students fees as a revenue source, and to place priority on keeping college costs affordable.

APPENDIX

ILLINOIS BOARD OF HIGHER EDUCATION
MASTER PLAN POLICIES ON
STUDENT AFFORDABILITY

Goals

1. Colleges, universities, and their governing boards, the Board of Higher Education, and other higher education agencies should place high priority on making college affordable in decisions about resource allocations, academic preparation, academic progress, financial aid, tuition and fees, and other areas affecting access and choice.

2. The affordability of a college education depends on institutions' ability to control operational costs as well as students' and families' ability to pay. Institutions should continue and expand efforts to use resources effectively, improve productivity, and enhance the quality of educational programs and services.

3. College affordability is inextricably linked to academic preparation and college academic progress. Active cooperation and coordination across educational levels should be undertaken to ensure that students are academically prepared for college and can complete their college educations in an efficient manner.

4. The lack of financial resources should not be a barrier to higher education. State financial aid should be need-based and student-focused, and should recognize the wide variety of student educational goals and the diversity of educational programs and institutions available to students.

5. A college education should be affordable and accessible to all students. In order to maintain the affordability of a college education, students and their families should not be asked to assume a greater share of educational costs than they are now paying. Colleges and universities should make every effort to control increases in tuition and fee rates and other student costs and should establish multi-year plans that identify expected tuition and fee rate objectives.

Enhancing Academic Progress and Lowering College Costs

Statewide objectives for strengthening academic preparation for college and promoting collegiate academic progress in order to improve college affordability are:

to heighten awareness among students and families at elementary, middle, and high schools concerning the effect of academic preparation and sustained academic progress on educational costs and college success;

to increase cooperation and coordination among schools, colleges, and universities to strengthen academic preparation;

to expand opportunities available to high school students and nontraditional students to receive college credit;

to reduce institutional barriers to timely degree completion; and

to expand opportunities available to college students who can benefit from accelerated programs, as well as to students who must extend their studies beyond traditional time frames.

1. Colleges, universities, and their governing boards and the Board of Higher Education, working with schools and other education agencies, should ensure that students and their families are aware that pursuing strong academic preparation and participating in accelerated programs in high school can reduce college costs, while poor preparation often results in greater expenditure of students' time and financial resources.

2. Schools should ensure that students are informed of the high school coursework that is required for college admission. High schools should disseminate to students and their families information about the success of their graduates in college.

3. Education at all levels should expand opportunities for high school students to improve their academic preparation and, if appropriate, to enroll in courses for college credit while in high school.

4. The Board of Higher Education shall work with other education agencies to identify any rules, regulations, or other barriers that inhibit students from taking courses for college credit while in high school.

5. High schools, colleges, and universities should ensure that high school and entering college students and their families are aware of the need to plan, both academically and financially, to meet the total educational costs of their college educations. Colleges and universities should provide planning materials and develop computerized scheduling and curriculum monitoring systems to aid students in planning their academic programs over a multi-year period.

6. Each college and university should inform a potential student about his or her likelihood of success and the programs and services available. Students and their families should be advised about the importance of making appropriate choices among institutions and programs.

7. Colleges and universities should eliminate barriers to timely degree completion and make improvements in academic calendars, curriculum requirements, and course scheduling and sequencing, as needed, to facilitate timely degree completion. Institutions should seek to accommodate student changes in academic programs so that students changing majors, particularly in their freshmen and sophomore years, can complete their majors without prolonging their time-to-degree.

8. Colleges and universities should provide opportunities for students to accelerate degree completion, publicize these opportunities, and facilitate the efforts of students who seek to take advantage of them. Colleges and universities should establish programs that permit students to complete a baccalaureate program in less than four years.

9. College and university efforts to accelerate degree completion should address the needs of African-American and Hispanic, adult, and place-bound students, and any other student groups that historically have taken longer to complete their undergraduate degrees. Colleges and

universities should also facilitate the academic progress of students enrolled in remedial programs and cooperatively develop programs for students enrolled in remedial programs at community colleges who intend to transfer to a four-year institution to complete their baccalaureate degrees.

10. The Illinois Board of Higher Education shall monitor, evaluate, and periodically report the results of efforts to improve precollegiate preparation and college academic progress. The Board should also make budget recommendations to further enhance precollege preparation and college academic progress.

Assisting Needy Students

Statewide objectives for student financial aid are:

to provide educational opportunities to all residents of the state irrespective of their financial status; and

to make a wide range of educational opportunities available to residents of the state, recognizing the diversity of student goals, educational programs, and institutions.

1. State financial aid should be distributed to students on the basis of financial need.

2. The Board of Higher Education and the Illinois Student Assistance Commission shall review programs that are not based on financial need to determine whether the purpose of these programs has been achieved, develop alternative means for achieving these purposes, and reallocate funds to need-based programs.

3. The Board of Higher Education, the Illinois Student Assistance Commission, and colleges, universities, and their governing boards should make every effort to ensure that all potential students, particularly minority and low income students and their families, receive information about the availability of financial aid.

4. Students and their families should be encouraged to plan ahead to pay for their college educations. The Illinois Student Assistance Commission and colleges and universities should present information to students and their families about their expected contributions and projected Pell and Monetary Award Program awards based on financial profiles.

5. The Illinois Student Assistance Commission and colleges and universities should simplify the application and need evaluation processes and coordinate the administration of state student financial aid programs with federal, institutional, and private programs.

6. The Board of Higher Education and the Illinois Student Assistance Commission shall monitor the impact of federal programs and institutional grant programs upon state programs and advocate changes in federal programs when they affect the administration or distribution of state student financial aid.

7. Colleges and universities are encouraged to use institutional grants to promote retention of first and second year students and to reduce dependence upon loans, particularly for students who are academically at risk. The Illinois Board of Higher Education and the Illinois

Student Assistance Commission shall examine the feasibility and impact of reallocating student financial aid resources to provide larger grants to first and second year students to promote retention and reduce loan burdens.

8. Colleges and universities should evaluate all admission and operations procedures to ensure that such procedures do not impose unnecessary financial hardship nor discourage access for the neediest students.

9. An Illinois resident, enrolled at least half time and attending an Illinois college or university, should be eligible to receive a Monetary Award. Students at proprietary institutions that grant degrees should be eligible for a Monetary Award.

10. The Monetary Award Program should support tuition and fee costs. Aid should be awarded according to student need and resources. Students should be eligible for a Monetary Award for five years of full-time or 10 years of half-time study.

11. The Monetary Award Program maximum award should increase annually at a rate that is consistent with reasonable increases in student tuition and fees. In making its annual recommendations for the maximum award, the Board of Higher Education should consider public and private tuition and fee increases, trends in instructional costs, and factors associated with students' ability to pay.

12. Application deadlines established for the Monetary Award Program should seek to facilitate student access.

13. The Board of Higher Education and the Illinois Student Assistance Commission, with the assistance of colleges and universities, shall use various means to evaluate the benefits and program costs of providing aid to students enrolled less than half-time.

Keeping Costs Affordable

Colleges' and universities' tuition decisions should support the following statewide goals:

to foster participation in and reduce barriers to higher education;

to assist students and families in planning and saving to meet higher education costs; and

to ensure that decisions about tuition and fee levels are included in planning and budget development at the campus, system, and state levels.

1. Governing boards, colleges, and universities should develop, and annually update, four-year plans for tuition and fees. In developing these plans, institutions should consider multiple factors such as students' ability to pay, inflationary indicators, instructional costs, and institutional resource needs. Planned changes in tuition and fees should be announced and published a year in advance of implementation so that students and families have time to prepare to meet increased costs.

2. Governing boards for public institutions should include tuition rate changes and the resulting revenue changes in their annual state budget requests to the Board of Higher Education. Fee increases should also be reported with the budget request so that they may be considered in developing recommendations for student financial aid programs.

3. Governing boards should not create any new fees to finance instructional activities and should consult with students when increasing noninstructional fees. Governing boards should submit any proposal that includes new fees for noninstructional purposes or significantly restructures existing fee programs for review by a student advisory committee and to a student referendum. Colleges and universities should make every effort to ensure that a sufficient number of students participate in any referendum concerning new fees or restructured fee programs so that the vote accurately reflects student opinion. Institutions should not shift costs from General Revenue funds, tuition, and other revenue sources to student fees.

4. Governing boards should examine how institutions can reduce reliance upon fees as a revenue source. The Board of Higher Education, working with colleges and universities and governing boards, should examine the nature and scope of student fees and consider alternative methods of maximizing benefits and reducing fee costs.

5. The Board of Higher Education, in consultation with the Illinois Student Assistance Commission and colleges and universities, shall examine the utility and feasibility of collecting additional information to support decisions on tuition and fees and student financial aid, including information on family income of students attending colleges and universities and costs of instruction at all types of institutions.

6. The Board of Higher Education shall annually publish and distribute to Illinois colleges, universities, and governing boards a report on college affordability. This report should present analyses of trends in tuition and fees, students' ability to pay, instructional costs, state support, and other information relevant to the setting of tuition and fee rates.

7. Undergraduate, graduate, and professional tuition rates for out-of-state students at Illinois public universities should approximate instructional costs in a university system. The most recent annual Discipline Cost Study shall be the basis for determining instructional cost.